

Message Text

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PAGE 01 QUITO 05176 212126Z

67-L
ACTION ARA-10

INFO OCT-01 EB-07 ISO-00 L-03 SS-15 SP-02 NSC-05 CIAE-00

INR-07 NSAE-00 /050 W
----- 094663

R 212110Z JUL 76
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 910
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 5176

E.O. 11652: GDS
TAGS: ENRG EC
SUBJ: GOE PROPOSED PETROLEUM SALE TO USG

REF: STATE 177220

1. EMBASSY RECOMMENDS THAT DEPARTMENT REJECT GOE PROPOSAL (REFTEL) IN VIEW OF CURRENT CONFLICTS BETWEEN TEXACO-GULF AND CEPE OVER ACTUAL OWNERSHIP OF CEPE CRUDE.

2. AS DEPARTMENT IS AWARE, TEXACO-GULF CLAIMS THAT CEPE IS CONFISCATING TEXACO-GULF SHARE OF PRODUCTION BY (A) HEAVY LIFTINGS FOR "DOMESTIC" CONSUMPTION (WHICH HAS DOUBLED IN THE LAST SIX MONTHS), WHICH CEPE APPARENTLY IS DIVERTING TO EXPORTS FOR ITS OWN ACCOUNTS, AND (B) CEPE'S CLAIM TO TWO MILLION BARRELS OF EQUITY CRUDE UNDER RETRO-ACTIVE APPLICATION OF DECISION 285. GULF HAS FILED SUIT IN U.S. COURTS TO CLAIM PROCEEDS OF 900,000 BARREL SHIPMENT ON TANKER "RUTH," CLAIMING THE LOADING WAS MADE UNDER DURESS AND WAS TANTAMOUNT TO UNLAWFUL CONFISCATION. IT IS FOR THESE REASONS THAT EMBASSY RECOMMENDS DEPARTMENT REJECT GOE OFFER AT THIS TIME. HOWEVER, IF QUESTION OF OWNERSHIP OF CEPE CRUDE IS EVER RESOLVED, EMBASSY SEES NO REASON WHY USG SHOULDNOT FAVORABLY CONSIDER GOE REQUEST.

3. EMBASSY IS SURPRISED AT GOE OFFER TO SELL CRUDE TO USG, BECAUSE CEPE IS HEAVILY OVERCOMMITTED IN SALES TO LATIN
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AMERICAN CUSTOMERS AT THIS TIME. TEXACO OFFICIALS HAVE

TOLD US, HOWEVER, THAT CEPE'S MARKET CONDITIONS MAY
CHANGE SUBSTANTIALLY NEXT YEAR WITH SOME LOSS OF PERUVIAN
AND WEST-COAST US MARKETS.
BLOOMFIELD

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NNN

Message Attributes

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